

**UNIVERSITI TEKNOLOGI MARA**

**CAPITAL STRUCTURE  
ON FIRM'S PERFORMANCE:**

**FOCUSING ON  
TECHNOLOGICAL SECTOR  
IN MALAYSIA**

**UMMI MARIAH BINTI ISMAIL  
2015403224**

Final Year Project Paper submitted in fulfillment  
of the requirements for the degree of  
**Bachelor of Business Administration  
(Finance)**

**Faculty of Business and Management**

**JUNE 2018**

## **AUTHOR'S DECLARATION**

I declare that the work in this final year project paper was carried out in accordance with the regulations of Universiti Teknologi MARA. It is original and is the results of my own work, unless otherwise indicated or acknowledged as referenced work. This thesis has not been submitted to any other academic institution or non-academic institution for any degree or qualification.

I, hereby, acknowledge that I have been supplied with the Academic Rules and Regulations for Undergraduate, Universiti Teknologi MARA, regulating the conduct of my study and research.


Name of Student : Ummi Mariah Binti Ismail

Student I.D. No. : 2015403224

Programme : Bachelor of Business and Administration (Hons)  
Finance.

Faculty : Business and Management

Thesis : Capital Structure On Firm's Performance: Focusing  
On Technological Sector In Malaysia

Signature of Student :  .....

Date : June 2018

## ABSTRACT

This research presents a study that focusing on interdependency of determinants of capital structure in technological sector firms listed in Bursa Malaysia. Capital structure is playing an important role in the companies. In addition, capital is the primary resources for the firms and they can be from debt and also equity. The determinants were chosen based on suitability of the research. The independent variables are long term debt, short term debt, total debt, tangibility and firm size whereas the dependent variable is return on equity. This research utilizes a panel data which are from 2012-2017 for six years and different eleven firms in technological sector. The sample in this study are collected from financial reports in Bursa Malaysia website only. All the data are based on the Malaysian Ringgit (MYR) unit. The objective of this study is to examine the relationship between selected independent variables towards the dependent variable. Based on the result, it is found that the selected independent variables have positive relationship with the dependent variable.

## ACKNOWLEDGEMENT

First and foremost, Alhamdulillah and all praises to Allah for giving me the chance, patience and strength to fulfil this final year project requirement for the Bachelor of Business Administration (Hons) Finance. His utmost blessings have made this entire final semester research can be finished within the allocated timeframe.

I would like to give special gratitude to my research advisor, Madam Zuraidah Binti Ahmad for her support and full guidance from head to toe. She really assists me a lot to complete the project paper with the detailed comments and also suggestions from her. Also, to my coordinator for the final year project, Madam Nur Liyana Binti Mohamed Yousop that always been such a helping hand to me in giving updated information and any improvements to be done later.

Moreover, I also would like to take the opportunity as an appreciation to all my family and friends for their full support to me to complete this research. All of them really helped me a lot during my hard time until the completion of the project paper.

Thank you very much.

## TABLE OF CONTENTS

	<b>Page</b>
<b>AUTHOR'S DECLARATION</b>	<b>iii</b>
<b>ABSTRACT</b>	<b>iv</b>
<b>ACKNOWLEDGEMENT</b>	<b>v</b>
<b>LIST OF TABLES</b>	<b>x</b>
<b>LIST OF FIGURES</b>	<b>xi</b>
<b>LIST OF SYMBOLS</b>	<b>xii</b>
<b>LIST OF ABBREVIATIONS</b>	<b>xiii</b>
<b>CHAPTER ONE INTRODUCTION</b>	<b>1</b>
1.1 Introduction	1
1.2 Research Background	1
1.3 Problem Statement	3
1.4 Research Questions	5
1.5 Research Objectives	5
1.6 Significance of the Study	6
1.7 Scope of the Study	6
1.8 Limitation of the Study	6
1.9 Definition of Terms	7
1.9.1 Return on equity (Y)	7
1.9.2 Long term debt (X1)	7
1.9.3 Short term debt (X2)	7
1.9.4 Total debt (X3)	8
1.9.5 Tangibility (X4)	8
1.9.6 Firm Size (X5)	8
1.10 Summary	8
<b>CHAPTER TWO LITERATURE REVIEW</b>	<b>9</b>
2.1 Introduction	9